



Health Services
LOS ANGELES COUNTY

December 5, 2006

**Los Angeles County
Board of Supervisors**

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Second District

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John R. Cochran III
Chief Deputy Director

William Loos, MD
Acting Senior Medical Officer

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The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**AGREEMENT AMENDMENT WITH USC CARE MEDICAL GROUP, INC.,
AND USC UNIVERSITY HOSPITAL, INC., DOING BUSINESS AS USC
UNIVERSITY HOSPITAL FOR THE PROVISION OF LITHOTRIPSY OR
PERCUTANEOUS NEPHROSTOLITHOTOMY SERVICES
(All Districts) (3 Votes)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Director of Health Services, or his designee, to sign Amendment No. 1 to County Agreement No. H-207954 with USC Care Medical Group, Inc. and USC University Hospital, Inc., doing business as (dba) USC University Hospital, (Exhibit I), for the provision of lithotripsy and percutaneous nephrostolithotomy services at all County hospitals, effective January 1, 2007 through December 31, 2009, at a total maximum County obligation of \$1,954,000.
2. Delegate authority to the Director of Health Services, or his designee, to approve a Cost of Living Adjustment (COLA) as determined by the COLA provisions provided annually by the Chief Administrative Office.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

Board approval of the recommended action will amend an existing agreement with USC Care Medical Group, Inc. and USC University Hospital, Inc., dba USC University Hospital (USC University Hospital) for the provision of lithotripsy and percutaneous nephrostolithotomy services at the Department of Health Services (DHS) hospitals.

This amendment is being made to bring this contract in line with the standard COLA provisions.

FISCAL IMPACT/FINANCING:

The maximum County obligation for the Agreement with USC University Hospital is \$316,500 for FY 2006-07, \$643,000 for FY 2007-08, \$658,000 for FY 2008-09, and \$336,500 for FY 2009-10, for a total contractual obligation of \$1,954,000.

Funding is included in the FY 2006-07 Final Budget and will be requested in future fiscal years, as needed.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

A Request for Proposals (RFP) was completed in 1997. On May 20, 1997, the Board approved Agreement No. H-208473 with Good Samaritan Hospital to provide lithotripsy services and an agreement with USC University Hospital to provide percutaneous nephrostolithotomy services.

On August 19, 1997, after several months of negotiations with USC University Hospital, DHS was notified that they would be unable to provide the percutaneous nephrostolithotomy services. These services were a necessary part of the program for DHS, however, USC University Hospital elected not to sign the agreement.

On February 10, 1998, the Board approved an amendment to the existing Agreement with Good Samaritan Hospital to provide percutaneous nephrostolithotomy services.

On August 22, 2002, Good Samaritan Hospital informed DHS that the existing contractual arrangements were unacceptable and requested a substantial increase to the contractual rates. Good Samaritan also advised DHS that without a rate increase they could no longer continue to provide the current services and a 60-day termination notice was issued effective December 31, 2002.

Consequently, DHS offered similar contractual arrangements to three of the other proposers who responded to the RFP in 1997. The only responding proposer was USC University Hospital.

The lithotripsy and percutaneous nephrostolithotomy services that are provided by USC University Hospital provide for the removal of kidney and bladder stones. These are critical, cost-effective treatment services and patients may be referred for these services from all County hospitals.

The administration of each County hospital covered under the Agreement will continue to monitor the contractor's performance and to assure compliance with the terms and conditions of the agreement.

County Counsel has approved Exhibit I as to form.

Attachment A provides additional information.

CONTRACTING PROCESS:

In April 1997, the Department completed an open competitive solicitation process to select providers for the delivery of lithotripsy and percutaneous nephrostolithotomy services. Bidders could submit bids for either lithotripsy or percutaneous nephrostolithotomy services, or both services. Bids were received from Good Samaritan Hospital, St. Joseph Hospital, USC University Hospital, and UCLA Medical Group. On May 20, 1997, the Department offered agreements to USC University Hospital and Good Samaritan Hospital. Only Good Samaritan agreed to sign an agreement. DHS was unable to reach agreement with USC University Hospital at that time.

In December 2002, Good Samaritan Hospital terminated their services with DHS due to a dispute over a rate increase. In January 2003, DHS entered into a new agreement with USC University Hospital.

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The Department will conduct a review to determine if there may be other potential providers of lithotripsy and percutaneous nephrostolithotomy services. If appropriate, the Department will develop a qualification solicitation.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Approval of the amendment with USC University Hospital will ensure the continued and uninterrupted provision of lithotripsy and percutaneous nephrostolithotomy services.

When approved, this Department requires three signed copies of the Boards action.

Respectfully submitted,



Bruce A. Chernof, M.D.
Director and Chief Medical Officer

BAC:ev
Lithotripsy Svcs Amendment No. 1.ev.wpd

Attachment

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors
Auditor-Controller

SUMMARY OF AGREEMENT1. TYPE OF SERVICES:

Lithotripsy and percutaneous nephrostolithotomy services for the removal of kidney and bladder stones. Patients may be referred from all County hospitals.

2. AGENCIES ADDRESSES AND CONTACT PERSONS:

USC Care Medical Group, Inc.
1510 San Pablo Street, Suite 649
Los Angeles, California 90033
Attention: Jefferey L. Huffman, M.D., President & CEO
Telephone: (323) 442-5955

USC University Hospital, Inc.
1500 San Pablo Street
Los Angeles, California 90033
Attention: Paul Viviano, CEO
Telephone: (323) 442-8656

3. TERM:

January 1, 2007 through December 31, 2009.

4. FINANCIAL INFORMATION:

<u>Facility</u>	<u>Period of 01/01/07- 06/30/07</u>	<u>Period of 07/01/07- 06/30/08</u>	<u>Period of 07/01/08- 06/30/09</u>	<u>Period of 07/01/09- 12/31/09</u>	<u>TOTAL</u>
LAC+USC	\$137,500	\$275,000	\$275,000	\$137,500	\$ 825,000
Harbor	105,000	220,000	235,000	125,000	685,000
King	42,000	84,000	84,000	42,000	252,000
OVMC	12,500	25,000	25,000	12,500	75,000
Rancho	5,500	11,000	11,000	5,500	33,000
HDH	14,000	28,000	28,000	14,000	84,000
TOTAL	\$316,500	\$643,000	\$658,000	\$336,500	\$1,954,000

5. PRIMARY GEOGRAPHIC TO BE SERVED:

Countywide.

6. ACCOUNTABLE FOR MONITORING AND EVALUATION:

Chief Executive Officer at each County hospital.

7. APPROVALS:

LAC+USC Medical Center:	Pete Delgado, Chief Executive Officer
Harbor -UCLA Medical Center:	Tecla Mickoseff, Chief Executive Officer
King/Drew-UCLA Medical Center:	Anthony Gray, Chief Financial Officer
Olive View-UCLA Medical Center:	Melinda Anderson, Chief Executive Officer
Rancho Los Amigos National Rehabilitation Center:	Valerie Orange, Chief Executive Officer
High Desert Health Systems:	Beryl Broooks, Chief Executive Officer
Contract and Grants Division:	Cara O'Neill, Chief
County Counsel (approval as to form):	Eva Vera, Senior Deputy County Counsel

FACT SHEET

RE: **AGREEMENT AMENDMENT WITH USC CARE MEDICAL GROUP INC., AND USC UNIVERSITY HOSPITAL, INC., DBA AS USC UNIVERSITY HOSPITAL FOR THE PROVISION OF LITHOTRIPSY OR PERCUTANEOUS NEPHROSTOLITHOTOMY SERVICES**

All Districts

CONTACT PERSONS:

- | | |
|--|--|
| 1. Mark Wycislak, Contract Liaison
LAC+USC Medical Center
(323) 226-6472
e-mail: mwycislak@lacusc.org | 2. Miguel de los Reyes, Contract Liaison
Harbor/UCLA Medical Center
(310) 222-1678
e-mail: mireyes@ladhs.org |
| 3. Anthony Gray, Chief Financial Officer
MLK/King Jr.-Drew Medical Center
(310) 668-4111
e-mail: tgray@ladhs.org | 4. Dexter Moon, Contract Liaison
Olive View/UCLA Medical Center
(818) 364-3418
e-mail: dmoon@ladhs.org |
| 5. Rocio Calderon, Contract Liaison
Rancho Los Amigos
(562) 401-7362
e-mail: rfcalderon@ladhs.org | 6. Sandra Valdivia, Contract Liaison
High Desert Health System
(661) 945-8413
e-mail: svaldivia@ladhs.org |

SUBJECT:

The Director of Health Services is recommending the Board to approve Amendment No. 1 to County Agreement No. H-207954 with USC Care Medical Group, Inc., and USC University Hospital, Inc., doing business as (dba) USC University Hospital (USC University Hospital) for the continued provision of lithotripsy and percutaneous nephrostolithotomy services.

REQUESTED ACTION:

You are being asked to delegate authority to the Director of Health Services, or his designee, to sign Amendment No. 1 to County Agreement No. H-207954 with USC University Hospital for the provision of lithotripsy and percutaneous nephrostolithotomy services at all County hospitals, effective January 1, 2007 through December 31, 2009, with a total maximum County obligation of \$1,954,000.

PROGRAM:

Board approval of the recommended action will amend an existing agreement with USC University Hospital for the provision of lithotripsy and percutaneous nephrostolithotomy. The Agreement provides for the referral of outpatient lithotripsy or percutaneous nephrostolithotomy services for the removal of urinary calculi (kidney and gallbladder stones). These are critical, cost-effective treatment services and patients may be referred from all County hospitals.

FACT SHEET (Cont'd)

FINANCIAL INFORMATION:

The maximum County obligation for the Agreement with USC University Hospital is \$316,500 for FY 2006-07, \$643,000 for FY 2007-08, \$658,000 for FY 2008-09, and \$336,500 for FY 2009-10, with a total contractual obligation of \$1,954,000.

Funding is included in the FY 2006-07 Final Budget and will be requested in future fiscal years, as needed.

TERMINATION PROVISION:

The Agreement contains provision for termination with or without cause at any time by either party upon the giving of at least 60 days' written notice to the other party.

TERM:

The term of Amendment No. 1 is effective January 1, 2007 through December 31, 2009.

AUTOMATIC RENEWAL:

Not applicable.

RETROACTIVE AGREEMENT:

N/A.

EXPIRATION OF PRIOR PROJECT PERIOD:

The existing agreement expires on December 31, 2006.

REQUEST FOR PROPOSALS (RFP) PROCESS:

The Department will conduct a review to determine if there may be other potential providers of lithotripsy and percutaneous nephrostolithotomy services. If appropriate, the Department will develop a qualification solicitation.

SOLE SOURCE JUSTIFICATION:

Not Applicable.

SMALL BUSINESS WEB SITE:

N/A.

Lithotripsy Svcs Amendment No. 1.ev.wpd